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General Affairs Committee
October 02, 2008

[LR345]

The Committee on General Affairs met at 9:30 a.m. on Thursday, October 2, 2008, at Fonner Park-Bosselman Conference Center, Grand Island, Nebraska, for the purpose of conducting a public hearing on LR345. Senators present: Vickie McDonald, Chairperson; Russ Karpisek, Vice Chairperson; and Annette Dubas. Also present: Senator Ray Aguilar. Senators absent: Merton "Cap" Dierks; Philip Erdman; Mike Friend; Ray Janssen; and Don Preister. [LR345]

SENATOR McDONALD: Thank you all for coming. The General Affairs Committee will now begin the hearing on LR345. I'm Senator Vickie McDonald, chairman of the committee. Joining me are Senator Russ Karpisek from Wilber; Senator Dubas will be here shortly, from Fullerton; and our favorite senator in this area, Senator Aguilar from Grand Island. We also have legislative counsel, or legal counsel, Laurie Lage; and committee clerk, Matte Rathje. As you know, when the Legislature hears testimony on legislative resolution, all testimony is neutral. There are no supporting or opposing positions to take because there are no proposals on the table. If you plan on testifying, please pick up a sheet that is on the podium up front. Please fill it out before you testify, bring it to the testifiers table when you come forward, and please give it to Matt, our committee clerk. When you testify, please tell us who you are, please spell your first and last name and tell us who you're representing. If you have handouts, please make sure you have at least ten copies to give to the committee. Please turn off any cell phones, pagers, or anything else that beeps. Keep your conversations to a minimum or please take them out to the hallway. With that, I will return the chair over to Senator Karpisek, who is vice chair of the committee when I open on LR345. [LR345]

SENATOR KARPISEK: Thank you, Senator McDonald. [LR345]

SENATOR McDONALD: Thank you. I'm Senator Vickie McDonald. I represent the 41st Legislative District and I'm chairman of the General Affairs Committee. I introduced this

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interim study to give the committee an opportunity to hear about the state of horse racing in Nebraska from those involved in the industry. This is why we are holding hearings here in Grand Island in addition to Lincoln and Omaha. We had been hearing in recent years that horse racing in Nebraska is in trouble. We've heard that this is a dying industry that cannot compete with other forms of gaming that are readily available in Nebraska. For me, horse racing is more than about gaming, and I think it is important to take a look at the big picture of what horse racing has meant to this state, not only as a key part of Nebraska's history but to the agricultural and business interests in our communities. The moving of the state fair to Grand Island has made discussion of this topic even more well timed. As you know, horse racing at State Fair Park will end along with the tradition of State Fair Park to the University's research park. It is obvious that losing horse racing at State Fair Park will have a significant impact on the industry as a whole, and today we'll have the opportunity to discuss exactly what that means for Nebraska. As I did at the Lincoln hearing, I have asked experts representing a variety of interests in horse racing to attend the hearing today to give us detailed information on the state of the industry which will include up-to-date data and any recent developments. To facilitate the most useful and efficient presentations, I have a list of those I have asked to be here today and I would like to hear their testimony in this order. First, Hugh Miner, CEO of Fonner Park. Second, Lynne Schuller and Dr. Eric Thompson, UNL. Third, June O'Neill, Horsemen's Benevolent board member and Grand Island resident. Fourth, Gene McCloud, Horsemen's Benevolent board member, thoroughbred breeder and Grand Island business owner. Fifth, Wilbur Wrage, owner of Mid Nebraska Feed. Sixth, Alan Usher, manager of KRGI and GI Family Radio stations. Seventh, Larry Donlin, owner of Donlin Racing Stables and Grand Island resident. Eighth, Kathy Fangmeyer, owner of K&F Supply. Ninth, Gayle Carey, Nebraska Thoroughbred Breeders board member, and tenth, Ed Sabatka, owner of Uncle Ed's Steakhouse. I understand that Tom Sage, executive secretary of the State Racing Commission is in attendance today and is available to the committee for any questions or clarifications we might have. At the Lincoln hearing, Tom provided the committee with a very thorough data from the regulatory site of the industry and did an excellent job

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representing the material to us. As we move along in the hearing, I will remind you of who is next to speak. Of course, after we hear from those folks, we would like to hear from any other interests and members of the topic on the subject of horse racing. This is certain to be a very informative hearing so I will get started, but before I return to my chair I will ask if there are any questions. Thank you. [LR345]

SENATOR KARPISEK: Thank you, Senator McDonald. Are there any questions? If not, thank you. Can everyone hear all right in the back? Okay, thank you. [LR345]

SENATOR McDONALD: Our first presenter is Hugh Miner, CEO of Fonner Park. Good morning, Hugh. [LR345]

HUGH MINER: (Exhibit 1) Good morning. First of all, my name is Hugh Miner, Jr., H-u-g-h M-i-n-e-r, 3833 Meadow Way Trail, Grand Island, Nebraska. First of all, I'd like to thank the General Affairs Committee and Senator McDonald for doing a resolution to have an interim study on horse racing in Nebraska. And I have to say, senators, the first thing I'd mention to you is the majority of these people out here are Fonner family. They've been supportive of Fonner racing for a long time, so many of them. And the fact that we've had so many of them show up today is very heartwarming and certainly something you should take note of because they are the people that have made Fonner Park what it is today and they're still here. And we hope that this can continue this way for many years to come. I'll keep my remarks brief. There's some information about Fonner Park and this really is basically, Fonner Park is what it is today, the complex. It wouldn't be here if it weren't for horse racing. Our mission today is no different than it was when Fonner Park was organized in 1953. The purposes for which Fonner Park was organized was to promote the industries of agriculture and livestock breeding, conduct exhibitions, fairs, horse races, and other forms of public entertainment. At the time Fonner Park was incorporated, there was not a permanent fair grounds in Grand Island. And a group of farmers and ranchers as well as civic-minded leaders in Hall County worked together to model a plan similar to that of Columbus, Nebraska. To build

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a race track facility to annually conduct a thoroughbred race meet and the fact that there would be a grandstand and a barn area that could be used for the county fair. This was really what really drove the bus in making this all happen. And the profits from racing for many years were utilized to continue to improve and maintain the facility and it was a way that we were able to establish a permanent fairgrounds. How well has Fonner Park lived up to providing everything that was specified in the articles of incorporation? I think that if we just look at a snapshot in time of starting in 2007 when the Heartland Events Center opened, the Heartland Events Center was a \$25 million project that was made possible by a joint effort of civic-minded individuals, businesses, groups, and organizations, as well as the motel industry in Grand Island, the city of Grand Island, the Hall County board and Fonner Park. It was the existing facility that made that work. The funding for this facility, Heartland Events Center, was raised prior to the construction of the facility. And since this facility has opened from January 2007 through this month, October, events that have been held at Fonner Park and the Heartland Events Center are really large from the standpoint that there have been 248 events in that 22-month period that have used the facilities a total of 358 days in just 22 months. And there have been large events and small events, but primarily, if you look at in 22 months the fact that the events that were held in other parts of Fonner and this facility, those are huge numbers. Taking it one step further, on an annual basis, Fonner Park's race meet operations include 35 days of live racing and 362 days of simulcast racing from other tracks nationwide. And that is consistent with what is done in other parts of the country and certainly at the other tracks in Nebraska. It's plain to see that Fonner Park is a very busy place on an annual basis. But the story doesn't end here. In the glory days of horse racing in Nebraska, Fonner was able to utilize the surplus revenues generated from horse racing to make improvements to this facility and the purchase of the land surrounding the original 80 acres that the track was built on. Over time, additional buildings and grandstand additions made it possible to host additional community events. As community needs have grown through the years, Fonner Park has also donated Fonner land to the city of Grand Island for a water park, a fire station and the ground underneath the Heartland Events Center. And it's important to note that through

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a lease purchase agreement with the city of Grand Island, they will own the Heartland Events Center when the \$7.5 million bonds that the city is paying off over time has been completed. Fonner Park has also allowed soccer fields and softball fields to be constructed on this site that are maintained by the city of Grand Island. When you talk about something for everyone, if you look at our annual events, we've covered all the basis and that's what a community facility is all about. Yes, there are many positive things that can be said about horse racing and what I've tried to point out are some of the good things that thoroughbred horse racing has provided to central Nebraska through the years. The other tracks in Nebraska have also provided the same types of benefits to their areas and where they're located and to this date it's still a shame that the granddaddy of them all, Ak-Sar-Ben, no longer exists. And I would be remiss if I didn't personally tell you, senators, that the issue of racing in Lincoln is extremely important and something that we hope can be resolved. We need to maintain that market in Lincoln for our horsemen. To shorten our circuit up to less than 100 days, there will be a lot of seats back here that are empty if you'd have another one in two years and we haven't resolved this issue. But racing has had its prouder moments. But by the same token, I've never worked with a harder bunch of people than are in this room and what they do to keep racing in Nebraska. And selfishly, I would really like to see something be done that we can maintain racing in Lincoln. It's extremely important. [LR345]

SENATOR McDONALD: Thank you, Hugh. Any questions for Hugh? Well, I might be able to call myself Fonner family, couldn't I? [LR345]

HUGH MINER: Yes, you could. [LR345]

SENATOR McDONALD: Well, my father was a security guard during the races and my mother worked at a food stand and even I worked in the food stand and also a waitress in the club house for several years, so. I have my ties to the Fonner Park racing too. Thank you. [LR345]

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HUGH MINER: Thank you. [LR345]

SENATOR McDONALD: Our next presenter is Lynne Schuller and Dr. Eric Thompson from UNL. And you might want to stand a little closer, maybe, to the mike so it projects a little more. [LR345]

LYNNE SCHULLER: (Exhibit 2) Thank you, Senator McDonald. Lynne Schuller, L-y-n-n-e, Schuller is S-c-h-u-l-l-e-r. I'm the executive director of the Nebraska HBPA and I'll let Dr. Thompson introduce himself. [LR345]

ERIC THOMPSON: I'm Eric Thompson, E-r-i-c T-h-o-m-p-s-o-n. I'm the director of the Bureau of Business Research at UNL. [LR345]

SENATOR McDONALD: Excuse me. Can everyone hear? Is there anyone that can't hear? Okay, thank you. Go forward. [LR345]

LYNNE SCHULLER: As Mr. Miner was explaining, thoroughbred racing really provides the basis of a lot of other activities in this community and we all knew that. We just needed to quantify it. So what we did was, my board of directors asked me to do an economic profile of the industry as a whole. We ended up doing a statewide profile that we'll be presenting in Omaha at Horsemen's Park next week. We were not able to get the information that we really needed for Grand Island, so what the board had asked Dr. Thompson to do was do a community impact study for just Hall County and this area in particular. And with the handout that you were given I think that the numbers really bear themselves out as to what Mr. Miner was saying. If you just skip to the back page really quickly, you'll see that their total revenue impact was \$7.05 million; their wages and benefits impact was \$2.08 million with a total employment impact of 89. So it's a very significant economic driver in this community. And without it, this community would really see a significant loss. And I don't know how clear we all are on the way racing

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works but every track is really interdependent. It's a cost sharing model and as Mr. Miner explained, if one market suffers, the rest of the market as a whole suffers. So it's really important to keep all of the tracks in existence, not only going but going in a healthy way so that they can continue to contribute to their respective communities. If you have any questions in particular about the study itself or the methodology, Dr. Thompson is more than happy to answer any of those questions. [LR345]

SENATOR McDONALD: Thank you, Lynne. Any questions for Lynne? Seeing none. Doctor, would you like to introduce yourself and... [LR345]

ERIC THOMPSON: Sure. Well, I am Eric Thompson, as I said earlier, director of the Bureau of Business Research at the University of Nebraska-Lincoln and I'm here mostly as a resource person in case anyone has a question about the economic impact study that I did for Hall County. [LR345]

SENATOR McDONALD: Very good, thank you. Seeing no questions? [LR345]

LYNNE SCHULLER: Thank you. [LR345]

SENATOR McDONALD: Our third presenter is June O'Neill, Horsemen's Benevolent board member and a Grand Island resident. Welcome, June. [LR345]

JUNE O'NEILL: Thanks, I injured my knee last night doing chores. We have another Horsemen with an injury here to but it was her head. I guess I wish it was my head instead of my knee, but... (Laughter) [LR345]

SENATOR McDONALD: No, you don't. [LR345]

JUNE O'NEILL: Oh, okay. (Laughter) Well, it's harder. My name is June O'Neill, J-u-n-e O-'-N-e-i-l-l. I live at 1002 South Shady Bend Road, which is just a mile straight east of

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here. I'm an elected board member of the Nebraska Benevolent and Protectorate Association. We call it HBPA for short because it's a lot simpler. Our motto is horsemen helping horsemen. My daughter and I breed and race thoroughbreds at our farm just a mile east of here. We are a small farm compared to many and we have roughly, give or take, depending on the day, 14 head of horses. I have 27 acres and my daughter recently bought 40 acres two years ago when the drought was so bad, we were paying \$150 a ton for hay. So I don't have to tell you how that added up, so having the extra ground for hay has helped us a lot. As you know, the government doesn't have any assistant programs for stockmen if you were insane enough to go into the horse racing business. We horsemen would like to thank you for taking time out of your busy schedules to listen to us. As horsemen we'd rather be in our barns or with our horses. We'd rather take a beating than talk but we feel very strongly our voices need to be heard. And we feel also very strongly that we provide an economic and job impact to the state of Nebraska. You'll forgive us if we aren't fancy speakers and that I'm partly reading to you because I'm so nervous, (laugh) but we are speaking from our hearts about our plight. There are those who will tell you the horse racing industry is dying and no longer a relevant sport. And that is not right. However, we are facing increased competition. Keno hurt us a great deal. When the Keno backers came to us they asked us not to oppose them and in return added language to their bill giving us a percentage to help defray the economic damage they would do to our revenue. That language was later overturned and, of course, now Keno is not interested in following through on their promises. Keno has 485 locations and handled \$210 million last year. Then the Nebraska lottery was voted into existence. They have 1,200 locations and handled \$100 million last year and created approximately 100 jobs and further divided the pie. Then there are pull tabs in which the proceeds go to charity, which is good, but the takeout is 48 percent and definitely is not a good return on anybody's investment and does not provide that many jobs. Then there is the other forms of gaming which are internet and other illegal forms, so the pie has gotten divided considerably. Nebraska racing has only five locations. We generate approximately 95 million plus dollars in mutuel handle. The return on investment is better than the other choices with a takeout of 11 to 25 percent

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depending on the type of wager. We are able to measure some of the jobs we provide because they must be licensed by the Nebraska State Racing Commission. That number is 1,285 licensed jobs from entry level workers with little or no education on way to college graduates plus. That is only the licensed workers. There are approximately one to two times that amount in jobs that are not required to get Nebraska racing license and, of course, the cottage businesses that exist because of racing. If an industry came to Nebraska announced with some economic assistance they'd be able to provide 2,500 jobs, I bet there would be quite a bit of interest in helping that industry. My daughter and I love what we are doing and we've had one of our best years even though we haven't broken even yet, yet hopefully. Tress and I each work two jobs plus chores and farming to take care of our horses. Some would say we're crazy, and on some days we would agree, but we love what we're doing. We had a maiden that ran for a purse of approximately \$10,000 and he won 60 percent of that. If someone gave you a stallion, gave you the mare, by the time you feed it, raise it, break it, and you win 60 percent of that \$10,000, \$6,000, you won't even come close to breaking even. Our horse, Foolish Deputy, won his maiden at Fonner Park, his non-two at Lincoln, and his non-three lifetime at Columbus. If you take into account, the mare, the board, the breeding, the stud fee, insurance, veterinary care, general expenses from birth, our total expenses for Foolish Deputy, we call him Flash, is \$34,420. The purse and bonus money we won from his three wins is \$22,024. So that's about \$12,000 in the hole on a horse that ran pretty well. Purses are not keeping up with the continued increase in the cost of doing business. Any farmer will tell you that feed and hay and everything go up. That is the reason that more and more trainers and breeders are moving and are foaling out of state. I feel like a traitor too, especially since I gave a lot of people much grief when they started going to Iowa to foal out. But for the first time I foaled out a horse in Oklahoma and if she wins, we might make a profit this year. She will be competing for a maiden special weight purse of \$36,000. Compare that roughly to \$10,000 or less in Nebraska, depending on the track. I'm spending my money in Oklahoma. I don't want to do it, but economics is forcing our trainers, our owners and breeders to take their money and spend it elsewhere. Our farm, and I'm trying to be really brief on this, my daughter

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worked hard on the statistics but we wanted to give you kind of just a birds eye view of the expenses that go into that one horse that gets on the track and competes: accountant, board, chores, fares at farm and track, grain, hay, insurance, equipment, license permits, fees, percentages, jockey percentage, trainer percentage, pony person, property taxes of \$3600, veterinary expenses at farm, at track, dental work for horses, not me, registration, shipping, hauling horses, miscellaneous supplies. This year so far we've spent \$67,759. We have had a pretty good year for a small farm. We've had six wins. The purse money, the incentives and the bonuses, were \$37,818, so we're \$29,941 in the hole at the end of September. And then in 2007, pretty much the same thing, but we were \$30,251 in the hole. What do we need? First, we'd like you to understand that we provide jobs and economic impact in revenue for the state of Nebraska and we need to be allowed to compete on the same level as everyone else. We have five outlets compared to thousands for Keno and Nebraska lottery, pull tabs, etcetera, bingo. There is no withholding requirements for Keno or bingo. There is for horse racing. Keno has a reporting threshold of 1,500 and bingo has a reporting threshold of 1,200. However, for parimutuel horse racing it's only 600. We are open to suggestions, but the very least we'd like to be allowed to compete on a level playing field instead of, like my Mom used to say, it feels like it's uphill both ways. Without some plan, more and more horsemen will cease to operate or move to other states and the business that provides the fairest return on wagering dollars, that provides jobs, documented dollars, documented tax revenue, and economic impact will continue to diminish. We are farms, we are families, we are agribusiness, we are hay producers, feed, tack and supply dealers, we're jockeys and gallop hands and trainers and farriers. We fill motels and restaurants and shopping outlets. We pay for insurance and taxes. We create jobs and revenue for the state of Nebraska. We're asking you to respect our past contributions and to care about our future and what we can contribute to the state of Nebraska. We believe that we have a lot to offer. We thank you for listening and we too are listening and hoping that we can work together to solve our challenges. Thank you. [LR345]

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SENATOR McDONALD: Thank you, June. Any questions for June? Senator Dubas.
[LR345]

SENATOR DUBAS: Thank you, Senator McDonald. Thank you very much, June, for sharing your very personal story with us. [LR345]

JUNE O'NEILL: I'm sure our accountant will be thrilled. (Laughter) [LR345]

SENATOR DUBAS: But it really drives home the point and so I think that's very important. You alluded a little bit in your testimony to what maybe can be done to help horse racing become a more profitable industry. Would you mind expounding on what are some things you think as a horse breeder could be done to help the horse industry?
[LR345]

JUNE O'NEILL: Well, we've batted around a lot of options and I referred to one thing with the Keno and withholding requirements in bingo, and it is my understanding the NTRA is trying to craft a bill at the national level to maybe help with that. But as you know, we're in danger of losing our track in Lincoln. Right now the way the rules are in Nebraska, we are not allowed to technically own our own tracks. That may be a possibility. We've batted around a hundred different ideas and what we would really like...I love your question, I love your interest, is maybe sit down, do some brainstorming and come up with things that will work and help us. [LR345]

SENATOR DUBAS: Thank you very much. [LR345]

JUNE O'NEILL: Thank you. [LR345]

SENATOR McDONALD: Senator Aguilar. [LR345]

SENATOR AGUILAR: Thank you, chairman McDonald. June, thanks for being here

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today. I appreciate it and I think you spoke very well. [LR345]

JUNE O'NEILL: Oh, thanks. I was nervous, you could tell. (Laughter) [LR345]

SENATOR AGUILAR: My question is, you talked about Oklahoma having quite a bit higher purses. What do they do differently than what we're doing here in Nebraska to get those purses to that level, if you can share that with us? [LR345]

JUNE O'NEILL: They...I believe it was three years ago voted in casinos and, in fact, if you look at it, every state around us now has casino gambling, and a portion of that goes to horse racing, so that is another reason. Of course, Prairie Meadows, there was quite a bit of exodus a few years ago and huge breeding farms sprang up in Iowa because their purses increased and it's not that...and you'll hear that today from other trainers, people whose families have been in the business for three or four generations, it's not that we want to move out of state but as you can see, the economics force us to. [LR345]

SENATOR AGUILAR: I've heard the term racinos in other states where the casino industry merges with the horse racing tracks. Do you see that as a possibility of Nebraska as something that would really increase the revenue at the tracks and help them better financially? [LR345]

JUNE O'NEILL: Honestly, I would like to see that as long as we do it right and do it so that the horse racing gets a portion of it. We need to be realistic. Those dollars are marching out of state as it is now. And I think that probably one of the reasons the voters have voted down the bills in the past, they were unclear, complicated, and not very well explained. I think if we put the right bill together that's a possibility. We've batted around card clubs. It's just like anything else. What needs to be done is we need to sit down, we need to craft it so that it's done right and so people understand what we're trying to do. [LR345]

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SENATOR AGUILAR: Thank you. [LR345]

SENATOR McDONALD: Any other questions for June? [LR345]

SENATOR DUBAS: I have one. If it happens that horse racing would no longer be in Lincoln, how would that directly affect your business? [LR345]

JUNE O'NEILL: The strength of horse racing is in numbers and quality horses also. The purses, because Lincoln is our capitol city and generates a good portion of the revenue, the purses are a little higher in Lincoln than they are at our other tracks. So I would see more horsemen leaving and probably not staying to run at Fonner in Columbus. It's just like Mr. Miner said, we are a circuit and with the component missing it would make it harder and a lot of stables simply would not be able to stay in the state. [LR345]

SENATOR McDONALD: Thanks, June, and thanks for your patience. [LR345]

JUNE O'NEILL: Thank you. [LR345]

SENATOR McDONALD: Our next testifier, Gene McCloud, with the Horsemen's Benevolent, board member, thoroughbred breeder, and also a Grand Island business owner. [LR345]

GENE McCLOUD: My name is Gene McCloud, G-e-n-e M-c-C-l-o-u-d, 609 South Gunbarrel Road, and I'm representing the Nebraska HBPA and also as a business owner here in Grand Island. I'd like to thank you, Senator McDonald, and the committee for allowing me to speak to you this morning. My wife, Cathy, and I own the Super 8 motel on South Locust Street and we also own a 20 acre farm just on the east edge of Grand Island. I'd like to talk about my farm first. As thoroughbred owners, we contribute to the local economy in many ways. At our farm we buy all the hay and grain for about

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25 to 30 head of horses year round. We also buy bedding, buckets, feeders, hoses, wheelbarrows, tack, and other supplies from local farm stores. In addition, we buy tractors, shredders, harrows, and other equipment from local equipment dealers. We also purchase pickups, horse trailers from the local area. We spend all this money for the chance to fulfill a dream. The dream is to own that super horse, or at least the horse that can win a few races at the race track. Our dream is no different than the rancher who dreams of weaning a 800 pound calf or a farmer who dreams of 280 bushel an acre corn. We all three contribute to the local economy to fulfill these dreams. It has become increasingly difficult for owners of thoroughbreds to fulfill their dreams in Nebraska due to the lure of larger purses in neighboring states such as Minnesota, Iowa, and now Oklahoma. Without owners willing to invest in Nebraska racing, racing in Nebraska will certainly suffer. Now I'd like to talk to you a little bit about in town, the local economy. When the races come to town starting in January, owners start hiring trainers to train their horses. The trainers come to town and either stay in a motel, rent an apartment or stay in a mobile home at Fonner Park. The trainers also need to hire grooms, gallop boys, farriers, and vets. When the races start in mid-February, Fonner Park starts hiring additional people to work the mutuels and the concessions. The jockeys arrive days before the races start and also need a place to stay. On race days, our motel is packed with guests arriving for the weekend to have a great time at the races. We also hire additional people to accommodate the increase in our guests. These guests will also eat in our restaurants, shop in our malls and stores, and fill their cars up with gas when they leave to go home and come back the next weekend. So you can see, the trickle-down theory definitely holds true for thoroughbred racing in Nebraska. And it all starts with thoroughbred owners willing to chase their dreams in Nebraska. And again, I thank you for your time. [LR345]

SENATOR McDONALD: Thank you, Gene. Any questions for Gene? Seeing none, thank you. [LR345]

GENE McCLOUD: Thank you. [LR345]

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SENATOR McDONALD: Our fifth presenter is Wilbur Wrage, owner of Mid Nebraska Feed. Is Wilbur here? Not seeing him, if he comes, we'll come back to him. Alan Usher, manager of KRGI and GI Family Radio stations. [LR345]

ALAN USHER: My name is Alan Usher, A-l-a-n U-s-h-e-r, 325 Ponderosa. I want to start by thanking each of you senators for being here today and your leadership on this particular subject because it does greatly influence our community that we live in. And appreciate you taking a hard look at that and help in the direction we go. A lot of people would ask though, so why would a radio guy ask to stand up before you and make a few comments. Well, as being a local business owner and family business, our business success solely hinges on all the businesses in this community being successful. We obviously have an entertainment piece that we put out, a news piece that we put out, but at the core of what we do is try to help local businesses succeed. And I'm really here to tell you today that Fonner Park and horse racing greatly influences their success. From the hotel owners, the hotels, the food, the shopping centers, they base a lot of their year and a lot of their budget and revenue ride around Fonner Park and its horse racing season, whether it be the horse racing folks that are here today, that June highlighted some of the money spent right here in our community very well, or the people that come in from other communities, from other states. We have a large crowd that come in from Kansas just to see the horse races and be a part of the excitement on each weekend. And when they come, there's a great deal of money spent in this community. Recent readings that I've had say each dollar spent multiplies within our community 18 to 20 times. So if you spend a hundred dollars at a hotel, imagine that multiplied 18 to 20 times just within our community. It's a huge economic impact and we'd like to see that continue to grow. [LR345]

SENATOR McDONALD: Thank you, Alan. Any questions for Alan? Seeing none, thank you. Our next presenter, Larry Donlin, owner of Donlin racing stables and he's also a Grand Island resident. Welcome, Larry. [LR345]

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LARRY DONLIN: My name is Larry Donlin, L-a-r-r-y D-o-n-l-i-n. I live at 627 Roush Lane here in Grand Island. I'd like to thank all you senators to give us this opportunity. I guess I've been in this business almost all of my life. My grandfather, my uncle, my cousins, we're all in it, I guess. And its got pretty serious when you can see this many people show up at a meeting like this you know it's getting serious. And most of the things I was going to talk about has already been said but there's a few things different with me. I've raised five children with my wife, Maureen, and four of them came on and stayed in this business without any pressure put on them by us. They just all fell in love with it, they stayed in it, but the sad part of it is, three had to leave the state already, and one may have to if he wants to stay in the business. And that included 11 of our 16 grandchildren had to leave the state of Nebraska. Most of them are grew up now which would have had families here. We've lost all that. I just run a small stable, probably about 25 horses and my feed bill last year in ten months of horse racing was over \$46,000 just for feed. That's hay, straw, grain. It gets pretty expensive and I board my horses. I don't have a farm so I board my horses at farms like Gene McCloud and some other places around here and that run almost \$8,000 last year just at a small stable like mine which is a small part of, I guess, we probably average 1,000 to 1,100 horses on the back side. So you can just add that up and it gets pretty expensive. I don't know what we can do to change it but we need to get something happening different than it has been. But I seen all these people showing up, I can see the difference from what its been in the past. We've been in this a long time and a lot of times we've had meetings and you've been there with a lot of them and there hasn't been very many people show up. But right now it just shows you where we're at. We've got to do something different. I don't know how we're going to go about it. We have to get together with everybody we can and see if we can't come up with some way to keep all of these people coming to the state. There's 1,285 licensed employees. That's a pretty big industry. I know they're not all at the track at the same time but that's a lot of people that's being employed by this...plus, that don't include none of the owners that love this business or they wouldn't be in it because it's too tough. But I really think that if we all get together and stay with

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everybody coming together like this, we can get something accomplished. Thank you. [LR345]

SENATOR McDONALD: Thank you, Larry. Questions for Larry? Those are only numbers of Grand Island that you gave us as far as those amount of people that are employees? [LR345]

LARRY DONLIN: Well, that's the state of Nebraska. [LR345]

SENATOR McDONALD: Statewide. Okay. [LR345]

LARRY DONLIN: Yeah, statewide. So I mean, some of the employees don't go to every track but a bigger share of them do and, you know, you stop and think if there's 500 of them employees right here at Fonner Park employed on the back side. The bigger share of them have families and half of them probably come from out of town, come into here, they all go to the grocery stores, the malls, they go everywhere. Like Gene said, the difference is a lot of the people stay at his motel and there's a big circle there that really brings it back every year and it's not near as big as it used to be but there's no reason when you see a state like Iowa that was completely out of business a few years ago and when the slot machines came into their race track, which made it a racino, which they've expanded now, it put their whole business back going. I mean they were almost completely out of business. Now there's farms all over there. Oklahoma, I started going there in the '80s when they first opened up and they got down to where their purses were hardly nonexistent. It was terrible. And breeding farms had all closed up. They came up with the racino and it's just booming down there. There's hundreds and hundreds of horsemen breeding horses now and making it better because there's a reason. June told you, the purses you can afford to race there and you can keep going so. We could do the same thing here and I'm not sure how to go about it but I think we have to do it different than we've done it in the past. Thank you. [LR345]

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SENATOR McDONALD: Okay, thanks Larry. Next presenter is Kathy Fangmeyer, owner of K&F Supply. Welcome, Kathy. [LR345]

KATHY FANGMEYER: Hi. I'm Kathy Fangmeyer, K-a-t-h-y F-a-n-g-m-e-y-e-r, 44520 880th Road in Bassett, at least three months out of the year, the rest of the time I'm on the tracks. I've been asked to speak to you today from a business owner's view of the effects thoroughbred racing has in Nebraska. My husband and I have a racing supply business that travels to the tracks here in Nebraska. If the tracks were to cease operation we would have to leave Nebraska to continue our business or sell it for a loss. My husband had also managed a race track in a small town here in Nebraska. When that track closed, the town lost five businesses the next year. Some of the business owners told us that they made as much in the time that the races were there as they did all the rest of the year. Even though the thoroughbred tracks are in larger cities, they do have an impact on the whole economy. You have motels, gas stations, laundromats, grocery stores, eating establishments, and all the retail stores that patrons shop in before and after the races. So it's not just one industry that will take a hit if the races were to cease. The whole economy will be hurt and not just in the towns where the race tracks are but also the towns where the people are coming from. Those towns too will lose business from people not picking up a few things on their way to the races. I haven't touched the surface as to the breeding industry or even the farmers who supply the grain and hay crops that feed the horses. There are also people who are employed by the track itself as well as all the people who work on the back side. These people too spend their money in these towns and the towns they return home to after the races are over. So we feel it is not just the people or a few towns that will feel the effects. It will be the whole state of Nebraska. Thank you for your time. [LR345]

SENATOR McDONALD: Thank you, Kathy. Any questions? We will need your sign-in sheet but I need to ask you a question. Do you take your supply wagon out of state or do you just maintain Nebraska? [LR345]

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KATHY FANGMEYER: Um, last year we purchased a second business to go to the Kansas Woodlands. That track did not operate this year so we did not go. But yes, I did go but it was after the three Nebraska tracks were over that I went there. [LR345]

SENATOR McDONALD: So mainly yours is Nebraska. [LR345]

KATHY FANGMEYER: Yes, I'm on the track nine and one-half months out of the year. I'm only home like two and a half months so. [LR345]

SENATOR McDONALD: And obviously they need you there. [LR345]

KATHY FANGMEYER: Oh, well, I hope so. I love it and like everyone else has said, it's like a family of people and they do, you know, spend a lot of money. But as expenses have gone up, I mean not just the fuel, but every time we order something the expenses are higher and people are using a little bit less stuff and we've noticed that impact this year. It's out of necessity just to try to survive. And I feel if there was an increase in purses or if people could survive better, it would benefit the whole state of Nebraska. [LR345]

SENATOR McDONALD: Thanks, Kathy. [LR345]

KATHY FANGMEYER: Thank you. [LR345]

SENATOR McDONALD: Gayle Carey, Nebraska Thoroughbred Breeders board member. Welcome, Gayle. [LR345]

GAYLE CAREY: (Exhibit 3) Thank you, Senator McDonald and distinguished committee members. I'd like to share with you...oh, my name is Gayle Carey. That's G-a-y-l-e, last name Carey, C-a-r-e-y, 11007 County Road 29, Blair, Nebraska. What I'd like to share with you today is the impact of Nebraska thoroughbred horses in breeding stock, what

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kind of impact it has on agriculture. But first I'd like to tell you about the Nebraska Thoroughbred Breeders Association. It is the official registrar in Nebraska for Nebraska bred thoroughbred horses. We maintain a registration system where we can certify all Nebraska bred here in Nebraska and there is an incentive for a person owning a Nebraska bred because they can run for a little more purse money. Now I'd like to state something that would be of interest to you, kind of set the stage. It is estimated that it takes about 544 section, quarter section farms to raise enough feed to feed a Nebraska bred or a race horse and breeding stock. Now what that means is that it's 80,000 acres and it takes...that transposes into 125 square miles of land to feed enough, necessary to feed enough horses so they kind of sees how agricultural kind of intertwines with thoroughbred racing. Now the thoroughbred race horse at the race track has a higher daily nutrition requirement than the average horse with maintenance. They just on the farm, do nothing. They are high performance horses. We consider them as athletes. Their nutritional intake is a lot more than the average horse. So you're going to utilize more oats, more corn, more grain, more alfalfa than the average horse and, of course, these are agricultural products. So to find out what it cost, what we did is we talked to a few trainers, we went to some feed stores to see what was being used at the race track and what it cost. And grain, we found out it wasn't easy but about time we got an average, it was about 32 cents a pound for the race horse at the track and for at the farm, 29 cents. Because at the farm there is a lower requirement and nutritional requirement. You don't have to feed as much but still these are breeding stock and young stock coming up for tomorrow, as you say, and so you want to keep them healthy. We took those figures and we took straw which, straw is used daily you know to maintain the clean environment in hygiene. You sure don't want your investment being compromised by some disease because of, you know, lack of cleanliness or hygiene so there's clean bales of straw used every day. So we took a range based on what some trainers fed, what the manufacturers recommendations were, and we came up with a range of some fees up to 10 pounds of grain to 15 pounds of grain. And so what we did is we got two ranges here. Hay, most commonly fed, a half a bale which came to \$4. Bale of straw was \$5 and the lower part of the range was the 10 pounds per day came

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out to be \$12.20 per day. And on the high end which was 15 pounds of grain a day came out to be about \$13.80. So what we did is, we took the number of horses which was 1,000 that is usually stabled at a race track. Some say I'm kind of short, should be more. But for this information we just use 1,000 horses and we took that times 240 race days and we came up with the high end and a low end, and the high end was \$3.3 million. Now this is for the 240 race days. But on the low end it came up to about \$2.9 million. Now we go and we take a look at the farm. Now we have approximately 822 horses that comes through our system that we can account for. There's a lot of horses that we can't account for and I'll address that a little later. But there was 822. Now these stocks were mares, stallions, stock that's not ready to participate or not ready to run at the race track and, of course, the price per pound was a little less. It was 29 cents per pound and we have a low end and a high end and it was anywhere from four pounds a day to eight pounds at the high end. And when you added in your hay, now we kind of reduce the price of hay because they aren't on hay all the time. Six months might be on pasture and then there's some that, you know, don't have pasture and they dry it so we cut that price to kind of, you know, put things in perspective. Straw, and we still, there's some that are still kept in stalls where, you know, need straw every day. So we took the price on the low end was \$8.66 a day and on the high end was \$9.82 a day. Well, we took that times the 822 horses that we can account for as breeders, you know, through our registration system. And we multiplied that times 365 days and we came up with the high range of \$2.9 million for the 365 days and we came up with \$2.5 million on the low end section. Now, the total was, contributed to agriculture, was on the low end \$5.5 million, on the high end \$6.2 million. Now what I'd like to mention that that doesn't include all the horses in Nebraska that are buying feed because there are a number of horses that are not Nebraska bred that doesn't come through our system. There are people that go to Kentucky to the sales that buy horses and bring them back here. There are...we have stallions that we stand in Nebraska. Other people come from other states. They leave their mare here to be bred and sometimes they leave them to foal out. Those aren't included in these figures. And really there's real no way of telling how many, but they're there. I wouldn't be surprised if there's a lot of us here today have

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horses that are not Nebraska bred. I'm for one that have other state bred horses in addition to Nebraska bred and they wouldn't be counted in these figures. And when you look at it, these figures could be much, much higher, you know, just in what we do have here. Now I mentioned 1,000 horses at the race track. Do you recall that? When the 240 racing days are over, those horses have to go somewhere and I can't get a handle on how many stay here because there's no system for telling. But I would say that 60 percent of them stay right here in the state and others go to other race tracks. One of the limiting factors is other race tracks have higher eligibility for horses to get stalls there. So quite a few of them stay right here. So if they stay here that's another 120 days before the next Nebraska race track opens, which is Fonner Park. So I just threw what that would cost or what the feed bill would be in those accessories would be another \$700,000. Of course, I didn't put that in the figures because there was no way for me to be exact or what the number would stay here and the numbers would leave so. But if it was 60 percent or a great deal, it would be another. Also not included in some of the things that we pay income taxes on, state income tax would be corn oil, soybean, molasses, vitamins and other jobs that generate income taxes for the state would be that are associated with horses at the race track and at the farms would be veterinarians, farriers, grooms, exercise riders, jockeys, farm hands. I have two farm hands myself here, students at Dana College that come down and work. So you're able to maintain jobs that will generate income for them and income for the state. Are there any questions? [LR345]

SENATOR McDONALD: Thank you. Any questions for Gayle? I think not. You've done your research well. [LR345]

GAYLE CAREY: Thank you. [LR345]

SENATOR McDONALD: Thank you. And our last testifier that we have on our list is Ed Sabatka, owner of Uncle Ed's Steakhouse. Welcome, Ed. [LR345]

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ED SABATKA: My name is Ed Sabatka, E-d S-a-b-a-t-k-a. My wife and I own Uncle Ed's Steakhouse here in Grand Island, claimed by some as the finest steakhouse around but, nevertheless, the time period that the races are on from late February from the actual people attending through early May is quite significant. Generally, we experience anywhere from a fourth to a third more in business on those...on Friday nights, Saturday nights, and it's strictly because of the race crowd. And particularly on Saturday nights over the period of three years since we've been here, we've gotten acquainted with people that come to the races from out of town and out of state. And, you know, we find that they've done this for a long time. We've gotten acquainted with people who've come for 20, 30 years, and they do it as a form of recreation. And eating out is always one of those things that comes with it. And I'm sure that our business isn't any different than any of the other places in town that they experience this surge as well. So we generally have between 15 and 20 employees, and during the race time we will probably have another, you know, another one-fourth more on just to take care of that because we get this, you know, real surge or influx of business. And at the same time too, on those weekends we generally always end up running a fair amount of overtime because of that because we cook late and because we are so busy. And so from our standpoint as a business that's on the side, so to speak, and not directly involved with the racing itself, it's quite substantial and our people that work for us look forward to that because it's a good economic time for them. So I would say that it would sure behove the state of Nebraska to continue to support this effort because not only just here in Grand Island but I'm sure in Lincoln and Columbus it's really huge, more so than what people think. I might just say this just as a side light, my wife and I are an immigrant to Nebraska. We migrated from the town of Broken Bow and we lived in Broken Bow for almost 20 years. And during that time, some of you maybe familiar with the quarter horse racing that was for years always in Broken Bow, and they experienced some of the same issues that of lower purses and before long less trainers came, less horses came, as the purses went down, the handle went down and eventually, eventually for that small town, it just quit. There was none and the race track sets empty. And the 20 years prior to that, that was a huge thing for a small town like that

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and a huge impact that it had economically and, you know, and so I could tell you from firsthand experience that having lived there, and I worked in the feed industry and so forth and we had our restaurant there, that it is significant. And that it bears saving because it sure had a huge impact on all the peripheral business that went on in Broken Bow because of the race track. And also too, it was a very wholesome form of entertainment for the local community. So anyway, that's all I had to say and to just to support this industry and what it does for our business and the people that work for us. [LR345]

SENATOR McDONALD: Thank you, Ed. Any questions for Ed? Not? Thank you. [LR345]

ED SABATKA: Thank you. [LR345]

SENATOR McDONALD: At this point in time we're going to open up the presenters. We have completed those on our list and I know that there are others out there that horse racing impacts and if you would like to come and present, please fill out a form and come forward. Welcome, Jay. [LR345]

JAY VAVRICEK: Well, good morning, and once again, welcome to Grand Island, and senators we really, really appreciate your leadership and I appreciate the open hearings and some wide attendance because indeed with government today, I think everyone appreciates scrutiny and accountability and openness, and the important matter before you is a statewide decision. But let me also just remark about some local things that may not show up in that economic impact study that is before you. And I haven't seen that but in my belief taxpayers in Hall County have been well served by the vitality over the 55 years of Fonner Park in a number of ways. First, I guess, if we were Rip Van Winkle and we just woke up in 1953 and saw the city of Grand Island, the reason that Fonner Park is here is because the OK (phonetic) Farms was located here. Because of the proximity of this side of town, South Locust Street developed, businesses

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developed. You could go on and on but ultimately it's my guess that South Locust Street wouldn't have been provided, the interstate exit wouldn't be there off of Interstate 80, the Heartland Events Center wouldn't be here, and we wouldn't stand before the state of Nebraska with potential of relocate the state fair to this city and host in a fair in 2010. But when you look at what the impact to taxpayers, just so you know, for example, the Hall County Ag Society operates a fair with property tax dollars just like many ag societies do across our state. The ag society here in Grand Island, the most conservative bunch of gentlemen I've ever seen. They never raise their tax requests for well over 50 years. They operate a fair for \$150,000 a year and then our charge to operate that, provide vitality and entertainment and hopefully have some concessions. But when I say they serve the taxpayers well, when you look at what is happening over the years in adjacent counties, in Adams County and Buffalo County without the likes of horse racing and revenue opportunities that we have in a facility like here, their property tax asking, for example in Buffalo County, is close to \$600,000 a year. Adams County is around \$525,000 so when you look at the difference makers that Hall County Ag Society has been able to enjoy through the generosity and the facilities that were created here some 55 years ago, it's huge. So I would guess that the impact study does not reflect the fact that taxpayers here in Grand Island and Hall County have either saved upwards to \$400,000 a year over the course of those times, or provided those resources to be used for other tax entities for public service or education. But I think that's important for you to know because the thoroughbred horse racing industry, while it may be viewed to have a few number of people, literally drives the economy in so many ways. Secondly, as a former mayor, I don't see how the economic impact study can measure the generosity that Fonner Park and its board of directors has entrusted to the citizens of Grand Island. Island oasis is on the ground, the water park is on the ground of ground from Fonner Park. The fire station, the \$2.3 million facility there is on the grounds of Fonner Park. Soccer fields, softball fields, now the new emergency responder memorial is located here through the generosity of that institution and why, because it has been able to be successful over the course of time. So I appreciate Mr. Miner's humbleness, but once again taxpayers have been well served. And while this is

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a statewide decision, I think it also should also be noted, most likely, at least in my opinion, we'd be having or you'd be having these hearings today looking at horse racing's vitality regardless if the state fair was located elsewhere or not. But in light of that impending relocation, and the fact that the University of Nebraska will receive the bargain of the 250 acres that has at state fair park, the strength of this industry really needs to be bolstered. And I really appreciate your leadership but once again, just as a taxpayer, as you go forward and deliberating on this, I think the more openness, the more scrutiny, the more input that you can have from people, the more it would be potentially respected so people can understand. So once again, thank you very much. [LR345]

SENATOR McDONALD: Thanks, Jay. We all know you. I'm sure everyone in the audience knows you but our transcriber might not know you so would you also say and spell your name. [LR345]

JAY VAVRICEK: Well, I followed Ed Sabatka. We both...our families all immigrated from Czechoslovakia so we've got two Bohemians back to back. (Laughter) But I live at 2729 Brentwood Blvd., citizen of the city of Grand Island and state of Nebraska. [LR345]

SENATOR McDONALD: And would you spell Vavricek. [LR345]

JAY VAVRICEK: V, as in victory, a-v, as in victory, r-i-c-e-k. Thank you, Vickie. [LR345]

SENATOR McDONALD: Thank you. Any questions for Jay? Seeing none, thank you. [LR345]

JAY VAVRICEK: Thank you. [LR345]

SENATOR McDONALD: Anyone else coming forward to present? And if you'd like, there are some chairs over here so that if you want to set up front then you get the first

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opportunity to come forward. [LR345]

JESSE COMPTON: Thank you guys for your time. My name is Jesse Compton, J-e-s-s-e C-o-m-p-t-o-n. I'm from 2494 140th Road in Shelby, Nebraska. I guess I'd like to talk a little bit about who I represent. First of all, I represent myself. I come from a little bit of a younger perspective than some of the other speakers that have come up and all these people in this room are really my family. Each and every one of them has known me since I've grown up, and I was very fortunate to have the opportunity to grow in racing so I can see how it can affect families. With the money I made racing from when I was about 16 years old, I used that money to go to college. Went to college at the University of Nebraska where I studied finance and economics and there's some parts that may not be getting explained about what racing really does for this state. You're familiar with investment banking and stuff coming from that side. The money multiplier is something I would like to talk about because if they're putting up \$1 million in purses lets say in a three month mete, all the money goes from the purses to the horses and the money goes from the horses to the owners who then reinvest it. And speaking as a horse owner, I've worked in every facet of this business, as a gallop boy, as a stall cleaner, as a valet, as a person that works in the gate, I assisted my dad as owner-trainer. We represent not only ourselves but also people around the state who own horses with us and that's another part that I don't think is getting emphasized enough. When you can represent communities, we have horses for people from a guy in Chadron that is a game warden. He's used his money from winning and racing to build a convenience store in that town. We support farmers who have horses with us. And in our state, it sounds like it's really in dire need of help and it is, but all of us fight very hard seven days a week to keep it going and that's why a lot of us may not be here for the committee meetings and so on and so forth. Because it takes a commitment to do what we do for our state and we're still fighting. We haven't given up the fight and that is why so many people are here because we've realized how important this is. So if you can represent more communities, if we had a better facility like people have said before, if Lincoln doesn't keep going, there's a pretty good chance racing will collapse

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because it's such a family. It takes each and every person from an amount of hot walkers to an amount of owners to everybody. So as soon as it starts going downhill and we lose one trainer, we lose that string of horses. Then there's fewer horses to enter in the races to make the races go. We lose all the people that help him or her. You lose all the people that work for them and if enough people leave, pretty soon there's not going to be enough to make it go. And Mr. Donlin spoke of his family. I've got a brother that's in college right now that works at the track. I have a sister that works at the track, all through no pressure the same as Mr. Donlin. You know, my dad never pressured me into this. I went to college and actually came back so I could do this and I would appreciate it if you guys just understand how much it is important to the whole state. We spend in purses, we probably run out \$250,000 a year. We've got a small stable, like 35 horses and that's in Nebraska where it's difficult to do that, and we probably spend, you know, \$200,000 doing it. We don't make a whole lot of money but that doesn't change the amount of money that changes hands. Like each time I work for one of these people they pay me, then I pass it on to another person and that's the multiplier that can really have millions of dollars worth of effects. If we have 25 horses on the back side, the money that just alone to take care of those horses and to feed those horses, that's an amazing amount. And then when the people travel. When you consider I leave our farm in February to come to Grand Island and then we race in Grand Island and then you go to Lincoln, then from Lincoln we go to Columbus. So we're technically only 100 miles away from home but we still live outside of our home and spend a lot of money in those communities. I can speak for myself. When we come to a town we spend all our money going out to eat. We spend all our money at the grocery store and things like that because we're so busy with our horses. And so I guess, if you guys have any questions, I hope I've spoken well for myself and helped you guys understand a little bit more about racing because I come from a different perspective than some of the other people. And I mean, Kathy was up here. We buy everything from Kathy. Wilbur was supposed to speak feed. We buy everything from him when it comes to feed. I mean, we are all connected and with some of us leaving or any of us going out of business, that's what hurts me when I see trainers having

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difficulty because if one more person goes out of business, that might not be enough for the rest of us to keep going. It takes all of us and that's everybody in this room and hopefully you guys can be part of our family too because we would love to have you.
[LR345]

SENATOR McDONALD: Thanks, Jesse. Any questions for Jesse? Senator Dubas.
[LR345]

SENATOR DUBAS: Thank you, Senator McDonald. Thank you very much Jesse for sharing your perspective today. I think it is important that we hear from the younger generation and you do bring a different perspective to it. But I would ask you the same question that I asked June and sometimes we need a younger person's fresher eyes. What is it that you see that the industry needs to do to revitalize itself? [LR345]

JESSE COMPTON: Well, a lot of things that...you could look at the landscape throughout, I mean, because we're a sport. You look at sporting in general, there's a lot of maybe obsolete older stadiums that are getting rebuilt. You look at what they've done for the Huskers and what they've done with the facilities there. And we've struggled for so long with where we race. A better facility and better purses would really help us strive because it's like if you're growing your corn on bad ground, if you get some better ground you can really have higher yield potential. And it's the same with owners. If we get where we can turn a profit better in this sport, it's easy to sell that. It's no fun to go sell a horse to somebody that doesn't have a horse if you can't make them money because it's hard to go to work when your losing money for people. But at the same time, if you train a horse for somebody and it wins, there's no funner feeling than making money for people that trust you. And it's a sport but you get to generate income for them and then when you see people that we have made money for in the past, you know, do other things with their money and their kids grow up in the business. And it gets to be larger and larger so I would say, do some of the things with the state fair moving possibly and all that and that ground opening up. The potential for a newer track would

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be a great help, especially a track with a mile race track, I think. I mean, because that is a larger race track than what we have. I don't know if you guys are familiar with that. Also do more things within the grandstand area to try to attract families. It's a different type of people that come to racing nowadays and we have to attract a different type of fan base if that makes sense. Most of the facilities were built in the '50s, if I'm not correct. So some of the things that they've done in Omaha in taking examples from places where they can integrate programs throughout the community or they can have where the waste is recycled and used as...you know, there's all kind of green opportunities with what race tracks produce and all the money goes back into the city. So I would say a new track, higher purses, obviously, would definitely help. [LR345]

SENATOR DUBAS: Thank you very much. [LR345]

SENATOR McDONALD: Any other questions? Senator Karpisek. [LR345]

SENATOR KARPISEK: Thank you, Senator McDonald. Jesse, I just wanted to say that I think you could speak for any industry in the state because we all have faced the same thing. One person leaves and it's a ripple effect. My question is on the mile...you hit on the mile track. Could your horses run on the mile track? Is that going to make a problem for them to run on two different sizes? [LR345]

JESSE COMPTON: No, no. Absolutely not at all. We race all through Nebraska. We start at Grand Island and all the tracks are less than a mile track, which means they have bank turns and tighter turns and sometimes it's a little more difficult. But as soon as Nebraska got over we have hauled some of our horses to other tracks once Nebraska is over and most of them are mile tracks and you can compete in it. And if you had a mile track to like recruit to...like when we buy our horses we buy them to race in this state with the conditions that we are under. If you had something different to buy to, like I just got back from Kentucky last Wednesday and there's several people that I saw out there that are here today. We spent \$60,000 on horses to race in Nebraska. And if

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we had a mile track, those horses would just do that much better because a lot of the higher bred horses are designed to race on a bigger oval so. Does that answer your question? [LR345]

SENATOR KARPISEK: It does. I didn't know if going from five-eighths to a mile if that would confuse the horse, if they'd be all right on it. [LR345]

JESSE COMPTON: And another thing I'd like to add about where I was out in Kentucky, you know, you make a lot of contacts with people out there as you go to the various sales and seminars and so on. And there's so many of them out there that have Nebraska ties that are from Nebraska that go out there and they do so well. And they will tell you that the people in Nebraska, they come from this state, they're generations of horsemen around here. I mean, Marv has been in the horse business for years and his dad was in the business and the Halls and there's just...I could go over and over of five or six families with three or four generations. And our influence in Nebraska racing is spread out and all of them understand the paradigm that we are in and how we need to upgrade if we're going to continue to...but if we could keep the people in the state through a better facility and better purses, without the people leaving the racing would be better. We would put a better product on the, you know, for the public. [LR345]

SENATOR KARPISEK: And do you think a mile track might actually bring some new people in? [LR345]

JESSE COMPTON: For sure. For sure. In Nebraska racing it's kind of gotten where people think that we're doing bad but you know the Halls are a Nebraska family. They go to Kentucky and buy horses just the same as all the rest of us and they win the biggest stake race in Nebraska. It was actually won by a Nebraska family and all the people that they employed are all from Nebraska. It wasn't people coming in and taking the money and leaving to other states and just that we can do that here, can you imagine what we could do on a larger scale if we had better facilities? It's mind boggling

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that we've been able to compete when so many states around us have gaming. Every state around us have gaming and we've still made it without closing any tracks past Ak-Sar-Ben. And with keeping our dates up and so on and so forth and if we had a little help we could really do some special things. [LR345]

SENATOR KARPISEK: Thank you, Jesse. Thank you, Senator McDonald. [LR345]

SENATOR McDONALD: Jesse, when you take your horses to other states, what state basically brings more horses? Say you go to Oklahoma, are there Nebraska people there? Are there Iowa? What other states come to race tracks and in turn come to Nebraska? [LR345]

JESSE COMPTON: People that come from other states to Nebraska I would say there's a lot representing from Oklahoma, from Iowa, from Kansas. Most of the surrounding states. There's people from Missouri. Most of those people and a lot of the people that aren't here to day are probably down in Oklahoma and I am talking about many of the people that have the lesser end jobs that they can't afford to save money all year long and get done racing in September and then be back in February. These are the people that clean stalls and do the menial tasks. They don't have a farm to go to. But if there was a place in Nebraska, that would be more people that would still be here in the state that would not be forced to leave and that would be a huge plus. And another thing, I guess when it comes to gambling on horses, people don't seem to understand that you're only betting against the other betters. It's not predetermined before...it's the best form of gaming there is. And if anybody gets a horse and experiences that winning feeling it's very addictive, and I wish more people could experience. Because that's what I want to do. I don't want to get out of this business and I don't want to move anywhere else. I'm going to have my own family. I'm going to inherit my dad's farm. It's 40 acres. It's got a track and a barn. It's all set up. This is the best place in the country to race because our hay is good here and it's cheap and it's close and our feed is good here and it's cheap and it's close. Everything in Nebraska is set up competitively to have

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an advantage over some of the other states but we can't use it properly with where we're at now. [LR345]

SENATOR McDONALD: Thanks, Jesse. [LR345]

JESSE COMPTON: Thank you. (Applause) [LR345]

SENATOR McDONALD: Yes, welcome. [LR345]

MARVIN JOHNSON: Hi. Thank you for listening to us. I've got to follow an awful good speaker there. My name is Marv Johnson, and that's spelled M-a-r-v J-o-h-n-s-o-n and I'm kind of a transplant to Grand Island area. I originated from O'Neill and quit school when I was 15 and come to the race track to train horses. Kind of following in my grandfather and dad's footsteps, and everyone else has spoke real well here and I just want to give you some of the facts about some of the product that I use here and I buy in the state of Nebraska. For example, the hay that I use I got somewhere around 75 head of horses I usually keep with breeding stock and horses to run. And the hay that I use is somewhere around 410 ton of hay on an annual basis which comes to around \$49,000. And the feed that I use is around 136 ton which comes to around \$68,000. And then throw in the bedding for just the few months that I'm at the race track is around \$40,000. So there's quite a few dollars spent just with my end of it and that's not saying how much the help that I pay out over the course of nine months of racing. And I guess there's probably not a whole lot of things I need to add. Everybody else has touched on everything. And I'd like to stay in this state and continue to race which I primarily have all my 35 years of training. But it's getting kind of hard to stay here with the dollar amount that we're getting on our return so, and let alone, you know, the economic impact of the whole deal it's not going to be looking any brighter for everybody's future so our end of it is getting kind of scary. So I'd like you to look some kind of a favorable compromise. I don't know what it would be called, but something that we can figure out to do for our economy and our end of our racing product, so. I thank you for your time.

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[LR345]

SENATOR McDONALD: Thank you, Marv. Any questions for Marv? Seeing none, thank you for your presentation. Welcome, Gene. [LR345]

GENE GRAVES: Senator McDonald and your committee, I'm Gene Graves, G-e-n-e G-r-a-v-e-s, live across the road to the east here and am past president of Fonner Park and was president of Fonner Park at the time that Ak-Sar-Ben was having a lot of problems that eventually drifted on down to all of the horse racing. I can remember many times that Hugh Miner and I made the trip to Omaha to meet with Ak-Sar-Ben people. And the thing that we found out there is the thing that has happened to our industry all over. We were speaking to three different groups while we were trying to help them get their problems solved. Well, when you have three different groups going in three different directions, then you can see what the ultimate result was going to be. And that was so unfortunate because when we lost Ak-Sar-Ben, and I was a thoroughbred breeder at that time and we ran horses here to, but we could see so many breeders in the thoroughbred industry changing their whole program. And as a result, Nebraska suffered. I think the thing, and I'm going to be short, I think the thing we need to do in our industry in Nebraska or anywhere is we need to develop some unity. We need to be unified when we decide what direction we want to go. Some people will have to forget some of their differences and that was the thing that we saw when we went to Ak-Sar-Ben in the '90s. Lots of differences and they could never get together and agree on it. Soon politics become involved and pretty soon it was gone. We don't need that. We just need to make sure, as we have these meetings and these hearings and we start to develop and look at some solutions, we all need to get together and push in the right direction, you know. We've been there but we've not been unified and I think that is going to be our key. Thank you. [LR345]

SENATOR McDONALD: Thank you, Gene. Any questions for Gene? Have you turned in a form? [LR345]

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GENE GRAVES: I did. [LR345]

SENATOR McDONALD: Okay. Thank you. [LR345]

GENE DOMINICK: Gene Dominick, G-e-n-e D-o-m-i-n-i-c-k, 221 East First Street, Grand Island, Nebraska. Thank you, Senators, for allowing me to speak today, and I also want to thank all those who attended. However, I have a question for you before I can talk. On the bottom of my sheet it says, are you a proponent, opponent, or neutral. What am I a proponent or an opponent to? [LR345]

SENATOR McDONALD: We do not have opposing or neutral or supporting testimony. This is just merely an interim hearing that we just take presenters. We do not take stands. We don't take stands and the presenters don't take stands. So this is just an informational gathering hearing. [LR345]

GENE DOMINICK: And what...well, I'll just go ahead and talk. Actually, I thought about not speaking to you, after the last two speakers spoke. It looks to me like you need a young man like the young man who spoke as president of your organization. And also, when Mr. Graves mentioned unity, that your organization needs to unify and come together with certain things that you could do. Fonner Park is definitely a tremendous thing for Grand Island, Nebraska. No one would disagree with that. I would disagree if it came to gambling, because I don't gamble. However, I cannot help but say that Fonner Park has been a tremendous asset to the community of Grand Island, and it's going to be in the future. But I also do not feel that Fonner Park is successful primarily or solely on the horse racing industry. I think a lot of the credit has to go to the organizational people; and the people managing this facility; and the progress; and as the young man commented, the improvement to the facility itself, offering more activities to the community. I don't know what this legislative committee's intent is on how they are able to help. I do believe that it's up to the Legislature to enact legislation that will enable

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them to operate as a profitable business, just like you do for any other profitable business. However, I do not believe that the Legislature should get into the business of what our federal government is, in bailing out a business or an operation. I wouldn't think of coming to the Legislature and asking them to enact legislation or to provide me with money to bail me out of a business venture that's failing. I would expect that entity to provide initiative to do it themselves. I have a sneaking hunch in the back of my mind that for some reason or other, this may involve more and increased gambling in Nebraska. I don't know that that's your intention, but I have that hunch in the back of my mind. I represent, officially, no organization; however, I'm very much involved with a program called Heartland Reentry AfterCare which deals with people who have been incarcerated coming out of the federal penitentiary, the state penitentiary, and our county jails. And I can tell you that increased gambling will increase incarceration in our prisons and jails. It will increase crime, and I know that the economic impact of the horse racing industry is a tremendous asset to the community of Grand Island and the state of Nebraska. But I urge you, as senators and representatives of our communities, to examine the other economic impact that increased gambling may have on the communities and the state of Nebraska. There is a saying in Iowa--it's called pigs and prisons, and they are starting to build more prisons next to the casinos and the gambling areas. Why is that? Because that's where the crime increases. I am not against gambling, so to speak. However...and I want Fonner Park and I want all these horsemen to succeed. But I urge them and you to allow them to succeed in a way that allows them to succeed but does not bail them out of their trouble. I think these people have innovation; they are businessmen, and they can come up with businesslike ways without the Legislature or the citizens of bailing them out. And the last thing I want to say is, Fonner Park, Lincoln, all the racing tracks in Nebraska, it is not Fonner Park that supports the community of Grand Island. It's the gamblers' money that they bring in that supports Fonner Park. It's the gamblers' money that buys the food at Ed's Restaurant. It's the gamblers' money that pays the motel bill at Super 8. It's just like a business. Businesses do not pay taxes--people pay taxes. Businesses exact in the price of their product enough money to pay the taxes. So it's the customer and the business that

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pays taxes. Thank you. [LR345]

SENATOR McDONALD: Any questions? Seeing none, thank you for your presentation. Next? [LR345]

KEVIN HULSE: Hi. Kevin Hulse, K-e-v-i-n H-u-l-s-e, 4280 West Wildwood Drive, Grand Island, Nebraska. I'm going to give you a little perspective on an owner. I kind of grew up in the Sandhills, in Burwell, and I've been coming to Fonner Park since I was probably 12, 13 years old, as a family event, not as gambling. About a year ago my wife and I bought a horse. I have a business here in town, a construction business that paid over a million dollars last year in state tax. I probably got about a \$50,000 deduction for my horses and my farm operation, and at that time, I've got back in about \$150,000. So that money has three-folded, at least for me, that I've invested into it. As far as owners, one of the hardest things there is for building a racetrack is, you guys don't have wheels. My horse trailer does, and if it ain't here, believe me,...I mean, I'm going to take him. I went to Keeneland and bought six yearlings, and they're good enough to go somewhere else and run. And all that money will go to that. The impact does leave, and it isn't necessarily gambling. As an owner, I don't gamble on any of my own horses. I've bet on one once, and it run so bad that I told myself I'd never do it again, because I think it's an omen. So I don't think it's so much the gambling, and I don't think it's a bailout. I think everybody is just asking for the same straws and the same economics as everybody else has got. And I seen the plan of the mile racetrack, you know, in Lincoln; and believe me, as an owner, you know, I wouldn't be scared if that comes through, you know, to spend \$200,000 or \$300,000 on a horse to run there, and to keep it. But if them things don't happen, I'm still going to spend that money, because I enjoy doing it. But I'm going to do it to run in Remington Park in Oklahoma or out in Colorado, or wherever, out in Iowa, because that's the thing with me, is you know, horse trailers have wheels and we can take them. And you guys' tough job is trying to keep our wheels in the same geographical area. And the economic...any time somebody mentions gambling, you know, it just goes way over the edge. But it really ain't the gambling, is

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why people do it. You know, I have enough, and I have a diesel pusher. I don't have to go anywhere. You know, I can go visit or do what I want, and I was fortunate enough that I could retire if I wanted to, at 43. But I enjoy to help support our communities and you know, by buying everything that everybody has told you. It isn't the gambling, because I didn't have to own a horse and I could have went gambling. You know, I can drive over to Iowa. I can go anywhere to do it. It's more of the competition factor and it's a way that we can actually support our communities and help them with the economic impacts of it, because we keep our monies here. You know, if I get my motor home and go to Yellowstone for the month, I didn't spend a dime in the state of Nebraska, and that's the whole key. And I don't think nobody is asking for a bailout. I think we just want a nice facility, and I think if you see a nice facility developed somewhere, you know it's like businesses that get in graveyard spirals, I call them. You know, when they really...their profits are down, so then they cut expense instead of spending more to figure out how I make more. I'm always the opposite. You know, yesterday I bailed in the stock market. Everybody is panicking and selling. But I think you have to break trends to move forward, and I think Lincoln is an excellent place, and the facility where the racetrack is, I think will be a real big economic impact. I think you'll have owners that buy a lot of nice horses and spend a lot of nice money to do it. [LR345]

SENATOR McDONALD: Thank you, Kevin. Any questions for Kevin? Seeing none, thank you for your presentation. [LR345]

WES HOLEN: My name is Wes Holen, W-e-s H-o-l-e-n. I'm a pastor of a church in Oxford, Oxford Evangelical Free Church. My concern is with one of the solutions that has been mentioned, and that is the casinos or "racinos." As a pastor, I hear of people's problems in various areas of their life. I know of three men whose lives have been negatively affected by casino gambling. I know that's not the direct subject here today, but it is relevant, I think, because it has been proposed as a possible solution. One man lost his business, the second man lost his marriage, and the third man, a college student, ran up just under \$10,000 of debt which is parents had to help him out with.

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Gambling was a significant factor in all three of those situations. The financial problems caused in these three men's lives...actually, the financial problems caused or made worse by gambling, was a factor in bringing on other problems. One man developed alcohol problems, one obviously had marital problems, and the third man had problems that went to other members of his family in helping to pay off their son's gambling debt. Obviously, that leads to other problems that have to be considered, in the business area and employment. If a business fails because of gambling, obviously that affects all of the employees in that business. When there is a divorce, and if there is a business involved, that also concerns people in that business. So my concern is with the casino solution. I don't think that gambling in a casino setting should be considered on the same level as horse racing. It's a different crowd of people, and casino gambling is not just another form of entertainment, because the price of gambling is not fully paid when a person leaves that casino. In many cases the price of such gambling must be paid by other family members and community members back home. So I'm saying that there are costs and expenses that are taken away from such forms of gambling. [LR345]

SENATOR McDONALD: Thank you, Wes. Any questions for Wes? Seeing none, thank you for your presentation. How many more would like to testify, if you would give a raise of hands? If you'd like to come up and sit in the front row, I've have an idea of how long the hearing will last. So there's various chairs up here in front, if you plan on testifying. [LR345]

JEFFERY HAYMAN: Good morning. My name is Jeff Hayman, J-e-f-f-e-r-y H-a-y-m-a-n. I'm here. I have no qualms or anything against Fonner Park. I was born and raised in Grand Island. My mother and father were born and raised here, and my grandma and grandpa were born and raised here. Six of my seven children have gone through the public school systems here in the Grand Island, and I've seen the wonderful things that Fonner Park has done, and I have no qualms with that or any of the people that are here that are trying to save their industry and their livelihoods. And I commend them on wanting to do thing. The problem that I do have is...I guess what I'm representing is

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myself and my family and my kids and grandkids. I'm just a little bit concerned about what the last gentleman brought up, and that was the announcement probably that they were going to go publicly again on the constitutional change to have slots at the tracks. And I'm a little bit concerned about that and what that can do. I know it was brought up earlier that casinos help...around the country have helped other...the horse racing industry. But I'm concerned...maybe the other side of the issue is, maybe it has helped the industry, but what has it really done, affected human life, and the tragedy that that may have caused in some cases? And that does concern me about the future of that. What I'm saying is, I hope that you're very creative when you come to the solutions and what is going to be happening with this event, because as we know, Nebraskans have already voted this down three times in the last 12 years, and slot machines they've voted down twice. And so if that does happen again and it does get on the ballot again, I just hope that everyone is creative enough so that we can save this industry, that they have another solution. And I think that Jesse kind of hit it. One of the things that he said that impressed me, is he said it needs to attract families, and a lot of times I think that's very important. Now if you're going to do that, to attract the families...and I think attracting the families by putting in slots or putting in casinos, I think might just be sending the wrong message to our families and what our families represent and what this country is all about. And I'd hate to see human life lost just because of that. It could be a tragedy, and I certainly would not like to see it. I know that...it was brought up about Iowa and how that has helped. But also, behind the scenes, we know that three years after casinos, Council Bluffs had the highest crime rate in Iowa, and it showed the highest growth rate in bankruptcies. And I also know that 1.7 percent of Iowans have addiction problems. These are just things that I've received from different sources. And in tribal casinos, it showed a jump from 5.4 percent, or 150,000 people, where they had gone up. And it's kind of a bad deal to see that. But again, I just...I guess what I'm saying is I hope that there's a solution. I hope that there's something...that there's a backup, just in case that this doesn't come about. If the intent, really, of the committee is to...in the long run is to say we need casinos or we need slot machines, is that...take into account that if it has not passed three times, it may not be passed the fourth time.

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And then how much time are you losing? And you better take the ideas of some of the younger guys like Jess and create solutions that might be workable where the people will really back it and really get behind it. So thank you very much. [LR345]

SENATOR McDONALD: Thank you, Jeff. Any questions? Seeing none, thank you for your presentation. Next presenter? Did you fill out a form, Jeff? [LR345]

JEFFERY HAYMAN: Yes, I've got it. [LR345]

SENATOR McDONALD: Thank you. [LR345]

ELISABETH EMERSON: My name is Elisabeth Emerson, E-l-i-s-a-b-e-t-h E-m-e-r-s-o-n. I moved to Nebraska in '92 from a track in New Mexico. I've been in Nebraska 16 years. I was married in '94. I thought I had a great life galloping horses in the summertime at Ak-Sar-Ben and working at a pizza place in the wintertime. And Ak-Sar-Ben was closed. It forced me to take my job out of town. And losing interest and not making money, after losing my job there at Ak-Sar-Ben, I drove a semi over the road for two-and-a-half years. Missing the horses so much my marriage failed. I came to Fonner Park, started working again in the track, have now met some people. Me and a farmer friend of mine bought a horse together in 2003, and she got injured. We couldn't run her. We bred her. Now we have that mare, her baby, another baby, three more that have come up from Kansas, since Kansas is failing. We have eight horses now. And what I wanted to express was the "funnest" part about this is when we were running in Lincoln this summer. He's there, he's divorced, his ex-wife comes from Omaha; the kids, who is a doctor and brings their grandkids up to the races, little grandkids--I want to bet on the pink one, bet on the pink one. And I thought it was a very nice family thing, kids visiting from Virginia and back and forth, where his family could get together and come see grandpa's horses run. And now in my little town of Giltner where I stay in the wintertime and help him drive grain trucks and harvesting and farming and putting all my money back into horse feed and getting hay in the barn and getting hay fever from

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doing all this work, just so we can try to do it again next year. I'm getting involved with the people that are in that town and community and now supporting horse racing. I've promoted new owners, have given a brood mare to a girl who is younger than me but in the business and wants to have a horse in her backyard. (Inaudible) community that we have coffee in the morning and talking about horse racing, and they're all excited on me coming back and saying what this meeting is going to see, because we've got a big community in Giltner having horses, raising feed, raising hay, getting corn, and wanting to come and bring the families. The gal I'm giving that brood mare to, her grandfather is in the business and now she's competing healthily with her grandfather that, I'm going to have a faster horse than you, grandpa, and so on and so forth. And I think we really need to keep racing in Nebraska, as Jesse Compton said--a new facility in Lincoln, where we've heard that the therapy tracks, the rodeo people, a whole equine community can come together and we can all grow and expand together. And it's a very wholesome thing. I've got eight horses there and I said, Stevie, I don't know if we can afford our horses. You've got eight grandkids; let's give them all a horse for Christmas, you know. And hopefully it won't come to that, that we can make money with our horses at the track and bring in the new younger generation, you know, to come bet on the eight horses or go take riding lessons or learn how to jump or learn how to rehabilitate people and do what we can with horses, because there's just a need for them. We don't need them to plow any more, but we need them to keep stabilized right here in Nebraska, the way it should be. Thank you. [LR345]

SENATOR McDONALD: Thank you for your presentation. Any questions? Seeing none, thank you. Are these the last two presenters? If anyone else would like to, please come forward. Thank you. [LR345]

KELLI MARTINEZ: Hi. I'm Kelli Martinez, and I came here and I don't really say a lot, a lot of times. But after listening to this and everything, I thought, you know what? I'm going to get up here and say what I got to say. We just came back from Kentucky, and we were there about 11 years ago. Eleven years ago people offered me...and I train. My

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sister, she trains. My husband rides, Armando Martinez. We were there 11 years ago, and they wanted us to stay. We didn't stay, because we wanted to come here, make something for our own family, do it on our own, and be our own instead of just being somebody working under somebody else at a bigger place. And believe me, if you go to Lexington, Kentucky, Louisville, I mean, that's horse people. And we just went down there, and after 11 years we walked around and the same people asked us to stay again. Just watched us, looked after us, been watching us, saying oh, you guys ain't gonna make it up there. It's done. I'm not willing to lay down and let that be. I went...our family has reinvested. Everything that we put out there they reinvest it. We've got 3 stallions, 18 brood mares. We work everyday. We work here at the track, we go home, we breed mares. I kids are in school in Shelby. My mom and dad help us take care, and shuttle back and forth. They play sports, they do everything. We do not miss a beat. We work day in and day out. But this is the kind of stuff it's going to take to make this go. And you know, people, it's got to be something out there for the people to strive, to want to do it as bad as we here want to do it. You know, we raise colts. We'd like to sell some. People are scared to buy because they don't see no future. If the mile track was there we could say, look, you can go. You know, we ain't asking an arm and a leg. We just want to get them out there so people want to get into it. And I've been at the racetrack every day since I've been 16 years old. I bet you I ain't bet \$100 in my life. My husband...this drinking stuff and losing stuff, people have choices. Aren't you instilled with choices? Don't your parents tell you right, wrong? You make them choices. You can't blame an industry, you can't blame gambling, you can't blame not gambling. Problems are there everyday. You've got to cope with it, you've got to be a strong person, and you've got to stand on your own feet and do what's right. And I guess that upsets me when people can blame stuff. I could blame a lot of stuff on a lot of things, but I get up everyday and go. And that's what...and especially if you're in the horse business. One day you're on the top, next day you're so low you don't know if you want to go the next day. But I'm telling you, it's here. We need help. You know, we've got a board, we've got people. We need you people. But you know, everybody has their own choices to make. My son is 11 years old, didn't have school yesterday. He was with his

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father breaking colts, because he wants to, by the time in January, he wants to be galloping good enough that he can gallop. His big thing is that he can gallop his pony around the racetrack at Ag Park. He loves it. My daughter, she's not very horse. But if we're here at can't get home, by gosh, she's going to do chores. She knows how to do it. My nephew, seven years old, he can carry feed. You know, my parents have put a lot of money into it. We've put a lot of money into it. Hopefully, in a few years we'll see something, because if not, we all got to start over, and we're getting kind of old to start over. (Laugh) But I mean, I think...and I can give you figures and how much we spend, but you know, everybody, \$60,000, \$70,000 a make \$40,000, \$50,000 back, you know. We just go day to day, and just everything we put into it, we want to see a little back. We need help. We need things to happen so that it can keep going. And it would be sad; I mean, it would really be sad, and I like I said, to see people going away, going to other states. It's crazy, because nobody really wants to leave. And we have opportunities other places where we could leave tomorrow, but that's not what we want. We want this to make it, we want to be close to home, we want to watch our kids play sports. If we have to work day and night, whatever it takes, I believe that's what it is. And you can't blame other problems on our problems. Everybody can make their own choices. (Applause) [LR345]

SENATOR McDONALD: Thank you, Kelli. Hey, excuse me. We don't normally accept any type of praise or negativism at these hearings. Unfortunately, I didn't stop it before, and I apologize for that. We all in our own minds, you know, feel that praise or disappointment or whatever in a presenter, but let's keep that to ourselves. But thank you so much, Kelli. [LR345]

KELLI MARTINEZ: Thanks. [LR345]

SENATOR McDONALD: Two presenters left? Okay, thank you. [LR345]

EDWARD ZIEMBA: (Exhibits 4 and 5) Good morning. [LR345]

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SENATOR McDONALD: Morning. [LR345]

EDWARD ZIEMBA: My name is Ed Ziemba, that's spelled E-d Z-i-e-m-b-a. I'm from Hastings, and I am a past president of the Nebraska Quarter Horse Racing Association and a present board member of Hastings Exposition & Racing. I want to talk about a segment of the horse industry. Some of the numbers I have are specific to the quarter horse industry, but I think it will apply and have merit for our discussion here. We are centered in one of the most densely populated quarter horse regions in the world. Nebraska and its surrounding six states are home to over 600,000 registered quarter horses, over 150,000 owners of those registered quarter horses. Nebraska ranks ninth in the world, with 87,000 registered quarter horses and over 18,000 owners of those registered quarter horses. I'd like to give you some numbers specific to Nebraska. Recently, not long ago, the American Horse Council endeavored to determine economic impacts of horse industries in states throughout the country. Those numbers for Nebraska were not available. What I do have are numbers for Oklahoma, Colorado, and Missouri. And I'm not going to get specific with those, and I do have the executive summaries of those that I can leave, if you chose to look at those; or if you would like to, I can get you all copies. But those are significant industries in those states, as it the horse industry significant to Nebraska. If you take the same principles that the American Horse Council used in those economic studies in those states and apply them to Nebraska, speaking specifically and only about the registered quarter horse side of things--and I don't mean, and I don't think we should exclude thoroughbreds or other types of horses--but if you take those same principles and apply them to Nebraska, we're talking, conservatively, about a \$500 million industry. That's amazing. It's amazing to me, and I've been around the industry a little while. Now I mentioned Nebraska and the surrounding states. I would also like to include Oklahoma and Texas when I talk about this central region. We have traditionally been able to attract horses from Oklahoma and Texas when we have events here, specifically horse racing, as we have participants who go there and compete. Hastings Racing & Exposition, Fairplay

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Park--this is what we do business as--has had a one-day event for the past five years. We've been kind of treading water, waiting to see what's going to happen in this industry. We are anxious to go. But those states, that central region, the horse populations in those states represent 40 percent of the quarter horse populations in the world. And that doesn't happen by accident. We are agricultural based states. We have agricultural based economies, and as I said, \$500 million. Those are Nebraska economic impact dollars. Horse racing is part of several industries--entertainment, gambling, a lot of things. But we are agriculture. That is where our roots are. Nebraska was the first state in the mid-30s to pass pari-mutuel racing. Since then, a lot of other states, in particular those that surround us, have passed and implemented pari-mutuel racing, as well. We have not--and I say "we"--we have not done a good job of developing this industry. Agriculture in Nebraska is doing phenomenal things. We are not where we maybe will be, but I think that if we would take...it's my belief that if we would take the same attitudes, the same energies, and the same innovations that are available and that agriculture has used and apply them to the horse industry overall, and specifically horse racing, we can develop this industry to what it can be, and what it should be. Hastings Racing & Exposition has developed specifically for this area a strategic plan to take advantage of our central location. It will have economic impact dollars that I provided to you, and those are conservative. We will also impact tax revenues for the state of Nebraska, for the state racing commission. We'll create new jobs, there will be tourism. But it's going to take that unity, it's going to take effort, and it's going to take leadership. And I very much appreciate the interest that you're showing here in allowing all of us to provide input to you, and we look to you for support. We look to you for leadership, and we hope that if you have questions about anything you'll ask. And if you have any of me, I will respond to those now. Thank you. [LR345]

SENATOR McDONALD: Thank you. Any questions? Seeing none, thank you for your presentation. And I believe this lady is the last presenter. With that, welcome. [LR345]

RITA HEMMER: Thank you. Thank you, senators, for the opportunity to give us all a

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chance to speak. My name is Rita M. Hemmer, R-i-t-a, Hemmer, H-e-m-m-e-r, middle initial M. And I guess what I represent is a face of the horse racing industry, the state of it that will be affected by decisions made maybe in the Legislature. I met my husband 18 years ago on the back side of Fonner Park. He runs and operates Terrell Hemmer Racing Stable. He's not a rich guy. He's very honest. He's full of integrity, and he's the hardest-working person I've ever known in my life. I was introduced to a close community in this horse racing, the back side, many of the people that you see here today. I'm very glad that you're here to at least look at us and hear our stories. Those on the back side live a life of hard work. They're up early; there's a lot to do. Those sitting here probably do more work before 10 a.m. than most people do all day. I can really testify--I'm one of those. We not only work hard, we contribute to society; and you know, society consists of so many pieces of the puzzle. We pay taxes. We contribute to society. Our industry, we paid over \$13,000 last year, 2007, in feed locally; \$17,000 in labor; \$23,000 in supplies in 2007. About 95 percent of this was at local businesses, and I know this doesn't seem like much, but it is a small piece of the puzzle that makes society go. And all these are small pieces of those puzzles. Now there are organizations, and you've heard from people today, that attempt to maybe distort the face of horse racing, that we're an evil empire trying to destroy the good life in Nebraska. And I'm here to tell you that we are the good life in Nebraska, demonstrating the values that make Nebraska a great place to live, Grand Island a great place to live. Hardworking, honest community is huge in horse racing. We care. The people here, I don't know anybody here that wants to see somebody destroy their life because of gambling. In fact, we would support people that have a gambling addiction to not come to the horse racing here. We don't want to see people's families destroying because of gambling. Wouldn't it be great if those organizations in horse racing could work together to help those people with those addictions? But we don't want to see our families destroyed, either. And like Kelli said, people do have choices and need to seek help. I don't want to leave Nebraska. I don't want to leave Grand Island. I love living in Grand Island. I foresee, hopefully, living here the rest of my life, raising my kids here. It's the best...I think it's the best place in the world to raise your kids. But I don't want to be rich.

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If I wanted to be rich I would have never married a Nebraska horse race trainer, but I do want to survive. However, if we're not supported, if horse racing is allowed to erode, we and others will be forced to leave in order to survive. And how many times in the last couple of years we've heard about the mass exodus of people from Nebraska, leaving to better opportunities in other states? Do you really want to help avoid that? If there's no support for horse racing, we are basically being told that we don't matter, that our piece of the puzzle isn't worth the effort for support. Basically, we're being told that our families doesn't count, and this is very disheartening for myself and other people. I want to thank you for the opportunity for me to at least put a face to the horse racing cause. Please know that we are not a bunch of rich guys sitting at home trying to bankrupt small businesses. We are the small businesses. We are the good life. We're mothers, fathers, grandmothers, grandfathers. We're college educated, we're hunters, fishermen. We have children who love to garden and love to sing in musicals, play football. We are Husker fans and we are churchgoers. Thank you for your support. [LR345]

SENATOR McDONALD: Thank you, Rita, for your presentation. Any questions for Rita? Seeing none, thank you for your testimony, Rita, and thank you for coming. At this point we're going to close the hearing on LR345. Thank you. [LR345]